(c) whether Government has intervened to prevent the collapse of the company;

(d) if so, the nature of the steps taken in this regard so far;

(e) whether Government proposes to bail-out the company;

(f) what are the offences *prima-facie* committed by the Directors and other persons connected with the company; and

(g) the details thereof?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) and (b) On 7.01.2009 the then Chairman of Satyam Computer Services Ltd., Hyderabad (the "Company"), made a statement informing about mis-statements in and falsification of the published accounts of the Company. This statement led to loss of credibility of the Company before its stakeholders, including its shareholders, customers and employees, as also with regard to future continuity of its business, impacting adversely on the value and operations of the company.

(c) and (d) The previous Board of Directors of the Company has been suspended and six new Directors appointed on the Board of the Company with the due approval of Company Law Board given *vide* its order dated 9.1.2009. The new Board has the requisite powers to carry on the work and business of the company and is taking all possible steps to continue the operations and the business of the company and to safeguard the interests of its shareholders, employees and all other stakeholders.

(e) There is no such proposal.

(f) and (g) The Government has also ordered investigation into the affairs of the Company, under the Companies Act, 1956 by officers drawn from the SFIO to ascertain the nature of offences committed by directors and other persons connected with the Company. The matter is also being investigated by the CBI, Income Tax authorities, SEBI, ICAI etc.

Findings of investigations into the Satyam Fraud

746. SHRI R.C. SINGH: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) the details of the findings of various investigations being made into the Satyam fraud;

(b) what action has been taken against the persons responsible for this fraud;

(c) whether the failure of various regulatory agencies such as Registrar of Companies (ROC), Securities and Exchange Board of Indian (SEBI), statutory Auditors, etc. has been the main reasons for this fraud; and

(d) if so, the details thereof and what remedial measures have been taken to see that such frauds do not take place in the Corporate Sector?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) and (b) An investigation into the affairs of Satyam Computer Services Limited is being carried out by officers drawn from the Serious Fraud Investigation Office (SFIO) following orders by the Government under

the Companies Act, 1956. In addition, investigations are also being carried on with regard to the Company by Central Bureau of Investigation (CBI), Securities and Exchange Board of India (SEBI), Institute of Chartered Accountants of India (ICAI), Income Tax Authorities, etc. On the basis of orders of the Company Law Board on a Petition moved by the Government, the previous Board of Directors of the Company has been suspended and six new directors appointed by the Government.

(c) and (d) The events relating to Satyam Computer Services Ltd. relate to a particular company and do not represent a failure of the regulatory system and relevant regulatory authorities.

An elaborate regulatory framework is already in place to deal with such incidents. This framework provides for statutory disclosures about the affairs of companies intended to inform the stakeholder the truth about the state of affairs of companies. To facilitate making of such disclosures by companies, and for stakeholders and regulatory agencies to easily access and view them, Government has set up an electronic registry with round the clock access through internet. The Government has powers of inspection of the books of accounts of companies and also to investigate their affairs, if need be, under the Companies Act, 1956. In addition, the Act provides for appointment of independent, statutory auditors to audit the accounts and report to the shareholders. Such audited accounts are also displayed on the electronic registry for general viewing. While the reporting requirements are regulated under the Companies Act, 1956, the conduct of auditors is regulated under the Chartered Accountants Act, 1949. In addition, for listed companies, compliance with these statutory requirements is required to be certified by a company secretary in practice, who in turn is regulated under the Company Secretaries Act, 1980. Government has amended the Chartered Accountants Act, 1949 and the Company Secretaries Act, 1980 in 2006 to provide for a more effective disciplinary mechanism to deal with cases of misconduct by Chartered Accountants and Company Secretaries respectively. In 2006, the Government has also notified Accounting Standards to enable accounts of companies to be drawn up and disclosed on the basis of fair, transparent and internationally accepted principles. The Government has also introduced Companies Bill, 2008 in the Lok Sabha to provide for a comprehensive revision of the Companies Act, 1956 including, *inter alia*, provisions that would enable more effective checks against irregularities/frauds by companies.

Stricter norms for auditing

747. SHRI T.T.V. DHINAKARAN: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether it is proposed to provide for stricter norms of auditing in large companies;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?